

February 28, 2008

Comptroller General David Walker
U.S. Government Accountability Office
441 G Street, N.W.
Washington, DC 20548

Dear General Walker:

I am writing to express my disappointment with a recent report issued by the Government Accountability Office ("GAO") and to ask your assistance in GAO undertaking a new study that would more accurately reflect the realities of the Medicare Advantage program.

On February 28, 2008, the GAO issued a report entitled "Medicare Advantage: Increased Spending Relative to Medicare Fee-for-Service May Not Always Reduce Beneficiary Out-of-Pocket Costs" (GAO-08-0359). The report attempted to assess the value of the costs sharing assistance provided to Medicare beneficiaries enrolled in Medicare Advantage programs.

Unfortunately the report employed a methodology that failed to examine the actual utilization experiences of a single Medicare beneficiary. Instead, it looked only at cost sharing for selected services and then extrapolated from that data that hypothetical beneficiaries who used only those services could pay higher cost sharing. This analysis fails to take into account that most Medicare beneficiaries use many types of services, and as a result may actually achieve greater savings than the hypothetical scenario laid out in the GAO report.

The report also ignores the reality that beneficiaries currently have the opportunity to choose among competing Medicare Advantage plans, and are likely to select plans with cost sharing requirements that best meet their personal needs and experiences. This has certainly been demonstrated by beneficiaries selecting options among competitive Part D drug plans that maximize their savings. This type of behavior has helped reduce the estimated cost of this program by almost 40 percent over the past five years.

Not surprisingly, opponents of Medicare Advantage have used the recent GAO report to assert that "many people in private plans face higher costs." While this assertion is not supported by the data in the report (which highlights that plans project that beneficiaries would pay \$804 less in cost sharing per year, compared to traditional fee-for-service Medicare), the flawed methodology of the report facilitates this type of argument.

Given the importance of the upcoming debate around Medicare payments to Medicare Advantage plans, I would ask for your assistance to clarify the record and better reflect the reality of the cost sharing benefits provided to real beneficiaries by Medicare Advantage plans.

Rather than examining hypothetical examples of certain types of spending, I would ask that you review the actual historical spending patterns of a statistically valid sample of Medicare beneficiaries, and then compare that utilization data against the full cost sharing benefits package offered by the top three Medicare Advantage plans, ranked by total national enrollment data. This type of analysis could then determine how much these beneficiaries could receive in total savings from reduced cost sharing across all types of Medicare spending.

I believe that this type of analysis would provide a much more balanced and accurate depiction of the value of the benefits that Medicare Advantage provides to its beneficiaries. Given the relevance of this information for an ongoing debate on Medicare Advantage payments, I would ask that you please expedite this request. If you should have any questions about this request, please do not hesitate to contact Chuck Clapton or Dan Elling of the Ways & Means Committee staff at (202) 225-4021.

Sincerely,

Dave Camp